

**TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE**



**FISCAL NOTE**

**HB 2146 - SB 2133**

March 26, 2009

**SUMMARY OF BILL:** Authorizes the State Board of Education (SBOE) to be a charter school governing body. Removes cap on the number of charter schools, enrollment eligibility restrictions, and requirements; opens enrollment to all students eligible to attend a regular public school. Increases from five to 10, the number of years a charter school may be chartered or application renewed. Requires the local education agency (LEA) to give the charter school all applicable funding including federal Title I, federal Elementary and Secondary Education Act, and BEP capital outlay funds excluding debt service. Revises the report that a charter school must give during a renewal application.

**ESTIMATED FISCAL IMPACT:**

**Increase State Expenditures - \$27,000**

**Other Fiscal Impact – More regular public school students not eligible under current guidelines will be eligible to transfer into a public charter school. BEP money follows the student. BEP funds may shift from local education agencies (LEAs), dependent upon the number of students choosing to enroll in a charter school, the capacity of the charter school, and the number of open enrollment slots. Currently planned charter school grade expansions and new charter school openings for the 2009-10 school year will take place in the absence of this bill. The amount of a shift in BEP funds for currently open slots is \$409,100. Therefore, any shift in funds is estimated to exceed \$400,000.**

Assumptions:

- The SBOE estimates that three to ten charter school applications will be submitted to the Board for consideration. A charter school review committee will be formed, comprised of five members. The committee will review each application for approximately one week at a rate of \$300 per day per member. If three applications are submitted annually, the total cost for daily reimbursement will be approximately \$22,500 (5

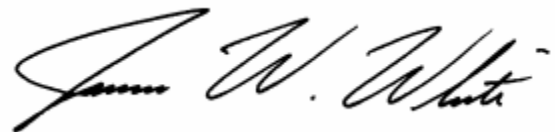
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committee members x 5 days x 3 applications x \$300). Travel and per diem will be approximately \$1,500 per meeting. It is assumed that the committee will meet at least three times, a total cost of \$4,500 (\$1,500 x 3).

- Total increase in state expenditures for the SBOE to review charter applications will be approximately \$27,000 (\$22,500 + \$4,500).
- SBOE estimates that members of a charter school evaluation committee will be asked to commit substantially more time than is required for normal SBOE work groups, requiring a per day payment for review in addition to the standard daily per diem.
- There are currently 16 charter schools in Tennessee.
- Making more regular K-12 public school students eligible to attend charter schools will not increase the number of available slots.
- Two charter schools in Davidson County have open slots. The combined number of open slots is 40 students. Davidson County's per pupil expenditure in the 2007-2008 school year was \$10,228. The total shift in funding from Davidson County to a public charter school if all currently open slots are filled is approximately \$409,120 (40 x \$10,228).
- Some existing charter schools will be expanding their grade capacity in the 2009-10 school year and several new schools will be opening. The number of new open slots is unknown. Any shift in funds is estimated to exceed \$400,000.
- Removing the cap on the number of charter schools that may be opened will not cause more charter schools to open or change application requirements until the current cap of 50 schools is reached.
- The basic charter school application process will not change, though a new authorization body would be eligible to review applications.
- Though charter schools must currently apply for a charter amendment from the governing LEA to increase enrollment capacity, a charter amendment is not required to lower enrollment capacity. Therefore, a charter school's capacity could be limited by the teaching structure of the school instead of physical space available.

### **CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "James W. White". The signature is fluid and cursive, with the first name "James" and last name "White" clearly distinguishable.

James W. White, Executive Director

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